* The cost of funds of Cooperative Banks in Gujarat are on the high side and therefore they are not in a position to implement the scheme.

Government of India decided to provide subvention of 2% p.a. to the Cooperative Banks for short term credit disbursed out of their own resources with an upper limit of Rs. 3.00 lakh on the Principal amount per borrower.

Removal of dual control on UCBs

1153. SHRI KAMAL AKHTAR: Will the Minister of FINANCE be pleased to state:

(a) the reasons for Government retreating on promise made on 6 December, 2006 in the House to bring a comprehensive Bill to amend Banking Regulation Act to remove dual control in Urban Cooperative Banks (UCBs);

(b) by when the Bill would be introduced;

(c) whether Government has received any demand from UCBs for exemption from Income Tax;

(d) whether Government is aware that UCBs are currently going through a bad patch and require capital for technological upgradation; and

(e) if so, the steps taken to improve the position of UCB sector?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a), (b), (d) and (e) To ensure regulatory coordination and cooperation under the existing legal framework, RBI has entered into Memorandum of Understanding (MoU) with State Governments. As part of the MoU, a Task Force for Urban Cooperative Banks (TAFCUB) has been set up in each of the States which have signed the MoU for identification of and drawing up of a time bound action plan for revival of potentially viable Urban Co-operative Banks (UCBs) and for non-disruptive exit for non-viable UCBs.

Based on TAFCUB's recommendations, supervisory actions that have been taken include issue of license to unlicensed banks, allowing merger of UCBs, cancellation of license of unviable UCBs etc. Further, certain other facilities like setting up of currency chest, selling mutual funds, providing foreign exchange services etc. have been extended to such banks in the MoU signed States.

(c) The demand for exemption of Cooperative Banks from income tax under Section 80P of the Income Tax Act has been received from different quarters and was considered by the Government. However, the same has not been found to be acceptable.

Revenue forego on account of Corporate tax

1154. SHRI PENUMALLI MADHU: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government is aware that the Revenue forego on account of corporate tax exemptions accounted for more than Rupees 50,000 crores and excise duty nearly Rupees 1,00,000 crores, in 2006-07;

(b) whether Government has reviewed the concessions now being enjoyed by the corporate sector and what are the steps proposed to end further loss to Government on account of these concessions; and

(c) the details of the steps being contemplated by Government?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) The revised estimate of revenue foregone, for the financial year 2006-07, owing to Central Excise exemptions is Rs. 75,475 crore and owing to direct tax exemptions to corporate taxpayers is Rs. 45,034 crore.

(b) and (c) These exemptions are reviewed regularly and those which have outlived their utility are withdrawn.

Share prices of Reliance Group companies

1155. SHRI M.V. MYSURA REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the share prices of Reliance Group companies exorbitantly increased before the public issue of Reliance Power;

(b) if so, the reasons for such exorbitant increase in share prices;

(c) whether it is a loss to small investors; and

(d) if so, whether Government has taken up any investigation on the exorbitant increase in the share prices of Reliance Group?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) The prices of shares of Reliance Group Companies have moved up within the range of 8.1% to 36.94% during December 17, 2007-January 14, 2008.

(b) The price of any share moves up or down depending on the changing perceptions of investors-domestic and overseas, retail and institutional-about the economy, the sector and the company. This perception is influenced by many factors including the macro-economic environment, the growth potential of the economy, policy credibility of the government, corporate performance, domestic and international events and market sentiments.

(c) The loss or gain arising from market movements is notional. This arises continually with change in the value of the portfolios of investors with changes in prices of constituent securities. The increase in prices of shares of Reliance Group Companies indicates notional gain for all investors, including small investors.

(d) SEBI initiates investigation when there is a suspicion that price may have been manipulated. The examination of trading on exchanges in these shares did not reveal any significant concentration among the market participants.

Opening of bank accounts

1156. SHRI RAVULA CHANDRA SEKAR REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that more than 50 per cent of the people in the country do not have any bank account;

(b) if so, the reasons therefor; and

(c) the reasons for not encouraging the people to open bank accounts?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) As reported by the Reserve Bank of India (RBI), Scheduled Commercial